

SECRET

FY 1976 KIQ STRATEGY REPORT

KIQ 37: *Will China maintain its economic development and to what extent will it rely on the West to support its economy, especially in areas related to its military-industrial complex?*

Include how weapon systems and defense programs are financed and how they influence defense and overall economic planning and performance.

I. COLLECTION

A. The principal areas on which reporting and analysis are required during the fiscal year are:

Target 1: Information on China's overall economic strategy. What were the achievements of the fourth five year plan (1971-1975). What are the priority and targets of the fifth five year (1976-1980) as well as ten year and longer range economic plans?

Target 2: Information on the development of key basic industries, including coal mining, mineral extraction, and metallurgy (ferrous and non-ferrous). In this regard, what equipment and technology are being or will be imported?

- 37-1 -

SECRET

SECRET

Target 3: What significant steps are the Chinese taking to improve their trade and balance of payment positions other than increasing traditional exports? What are prospects for Sino-US trade?

Target 4: Information on China's agricultural policies and performance. Any indication of changes in the volume of imports of grain and cotton. (KIQ 68 deals with the demand for US agricultural imports by the PRC.)

Target 5: Information on the pace of development in China's petroleum and petrochemical industries to include import of related equipment and technology. Information on the availability of oil for export. (KIQ 66 covers vulnerabilities of major oil exporters with respect to production.)

Target 6: Information on the increasing contribution of electronics and computers to the Chinese economy. To what extent are the Chinese relying on imports of foreign hardware and technology.

Target 7: Information on transport, land, air and sea. Is China experiencing transportation bottlenecks that are slowing down economic development? What specific plans are the Chinese developing to increase transport capabilities?

- 37-2 -

SECRET

SECRET

Target 8: Information on the inter-relationship between politics and economics at the central leadership level. How does China's economic development impact on China's political behavior?

Target 9: Information on the size and composition of the PRC defense budget to include the decision making process and the budgetary cycle.

Target 10: Organization of the military industrial complex and its inter-relation with the national economy, including both costs and benefits.

Target 11: Information regarding the importation of foreign technology and resources to develop the military sector of the economy.

II. ORGANIZATION COMMITMENTS

A. Collection

25X1A

25X1A

Target 1: CIA/DDO [REDACTED] will be primary collectors. This will be supplemented by [REDACTED] and [REDACTED] reporting. STATSPEC

25X1D

SECRET

Target 3: The primary source is trade publications and other open press material. This will be supplemented by information from China's trading partners as provided by Foreign Service, CIA/DDO, Treasury

25X1D

reporting
STATSPEC

25X1D

Target 4: FAS/Agriculture

25X1D

will be primary contributors on agricultural policy and performance.

25X1D

NSA, CIA/DDO, the Po

25X1D

25X1D

Target 8: e, CIA/DDO and will be the primary contributors.

STATSPEC

- 37-4 -

SECRET

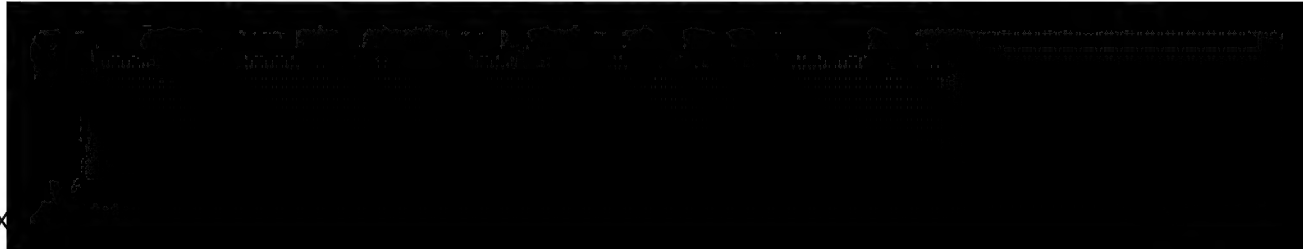
25X1A



25X1D

by [REDACTED], DAO and Foreign Service reporting.

STATSPEC

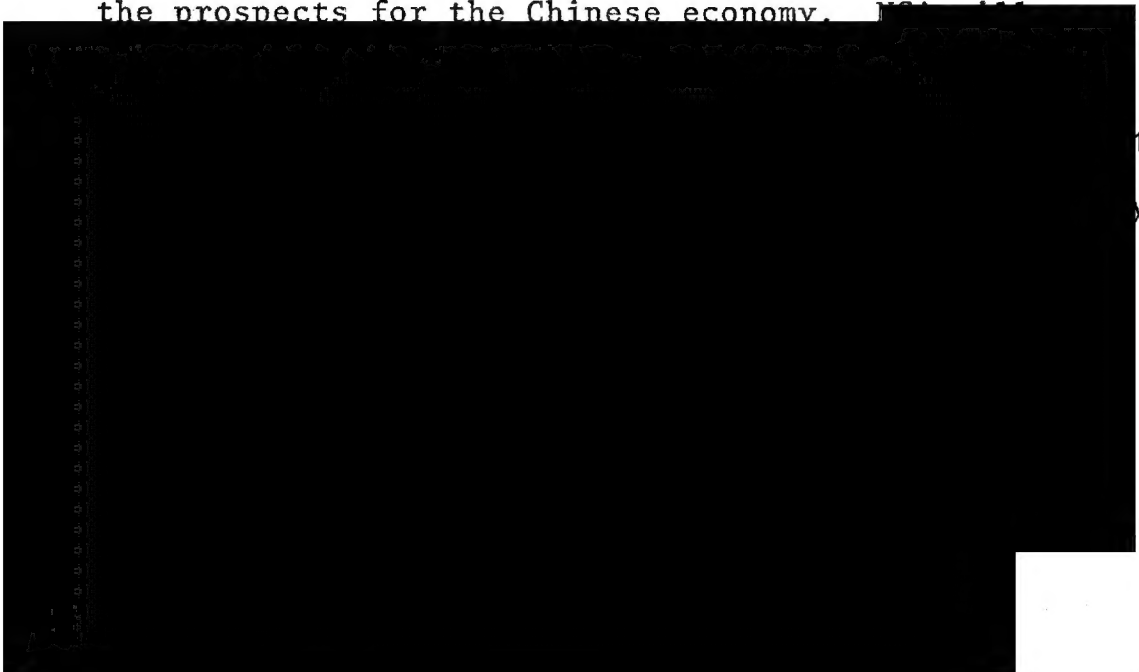


25X



The following types of intelligence analysis and production will be required to fulfill this KIQ during the fiscal year:

Target 1: CIA/OER will produce two assessments of the prospects for the Chinese economy. [REDACTED]



1D

y,



Target 3:

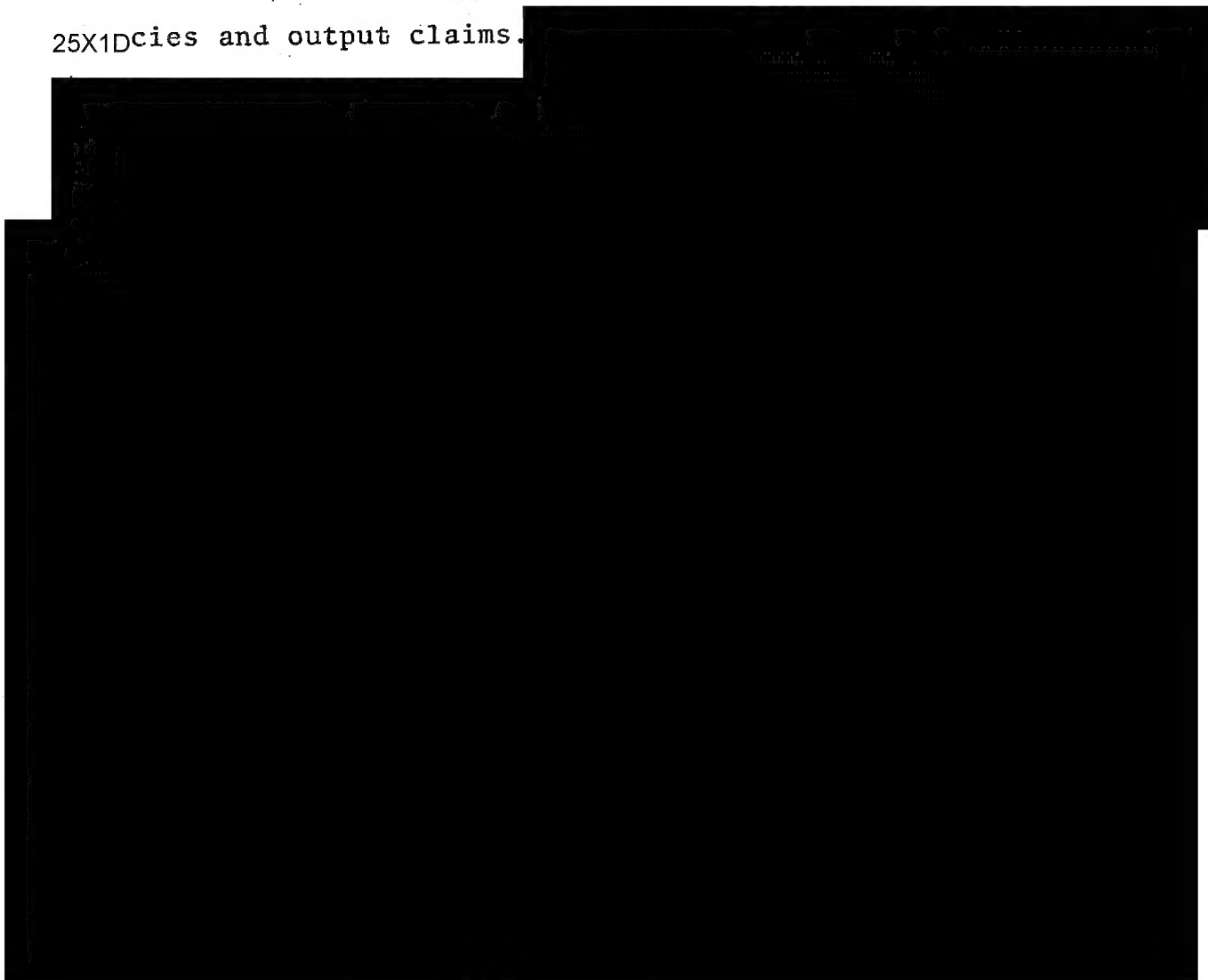
Target 4: CIA/OER will publish a statistical base

from which to evaluate agricultural programs, poli-

25X1Dcies and output claims.

25X1D

25X1D



SECRET

system, including anticipated information on the changing composition of the merchant fleet, transport backlogs, highway and rail expansion and outages, and on POL pipe-line construction. [REDACTED] will produce a study on port logistics of Canton. [REDACTED] will also produce appraisals of rapid upgrading of PRC maritime ports and logistics improvements in the Mongolian border area north of Peking

25X1B
25X1B

Target 9: CIA/OER will continue basic research reports that will lead to a complete set of national accounts by FY 1978. CIA/OSR will develop estimates of PRC military expenditures in terms of dollars and yuan.

Target 10: CIA/OER will publish an analysis of modern industrial expansion in major civilian and military industries. [REDACTED] will produce an appraisal of the PRC PLA General Rear Services Department and of the Military Commission of the CCP. [REDACTED]

25X1B

25X1D
25X1D

25X1D



- 37-8 -

SECRET